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STATE FOR EEB/EPPD NANCY SMITH-NISSLEY AND SCA/INS

E.O. 12958: N/A

TAGS: [BEXP](#) [ECON](#) [AMGT](#) [ELAB](#) [ETRD](#) [SENV](#) [AFIN](#) [KSEP](#) [CE](#)

SUBJECT: SRI LANKA: DUE DILIGENCE FOR THE SECRETARY OF STATE'S 2008
AWARD FOR CORPORATE EXCELLENCE

REFS: A) STATE 84836, B) STATE 54208, C) STATE 34994

¶1. We appreciate the continued consideration of Virtusa as a candidate for the Secretary's Awards for Corporate Excellence. We continue to support fully this company for the ACE.

¶2. Our response to ref A is keyed to the questions in para 4:

A) The Embassy knows of no downside to Virtusa becoming a recipient of this award. However, some critics may point out that companies like Virtusa allow US businesses to outsource some of their processes overseas.

B) We do not have specific information concerning job creation in the United States as a result of Virtusa's operations in Sri Lanka. Virtusa's IT centers in Sri Lanka employ over 1,500 engineers and other IT experts. Virtusa has its headquarters in Boston and offices in New York City, Sunnyvale (California), London, and India.

C) Virtusa's ability to utilize the best sources of talent worldwide allows its clients, many of them U.S. companies, to be more efficient and competitive in the global marketplace. Further, Virtusa's offices in Asia give it direct access to -- and knowledge of -- Asian markets, which are becoming increasingly important to American companies. Virtusa's products and services from Sri Lanka have little "U.S. content" in the conventional sense, because these services are largely the intellectual products of Virtusa's Sri Lankan employees. However, given that the tools these employees use, including operating systems, software, and servers, do have significant U.S. content, the success of companies like Virtusa helps stimulate demand for these types of U.S. products (and the follow-on services required to care for them).

D) There are no trade unions at Virtusa's offices in Colombo. Positions there are highly sought after by engineers and graduates of IT schools. Janitorial and other support services are contracted through outside suppliers. Virtusa was ranked among the Top 10 companies at the Sri Lanka National Human Resources Management Awards in 2007, an event organized by the Association of Human Resource Professionals of Sri Lanka.

E) We are not aware of any pending court cases involving the company.

F) Neither the Ambassador nor others involved in the nominating process hold stock or other financial interests in Virtusa.

BLAKE